



Irish Life Weekly Investment Bulletin

The week that was – WEEK 32 2018 (ending 10/08/2018)

“If I have seen further it is by standing on the shoulders of giants.” – Isaac Newton

Irish inflation doubles in July to 0.8% – The Central Statistics Office has reported an annual inflation rate of 0.8% in July, double the 0.4% recorded in June. The largest increases were in Housing, Water, Electricity & Fuels (+5.4%), Alcoholic Beverages & Tobacco (+2.8%), Transport (+2.2%) and Restaurants/Hotels (+1.8%).

Irish consumer sentiment in July hits highest level since March – The KBC/ESRI consumer sentiment index rose to 107.6 in July from 102.1 in June, the strongest monthly increase since January and its highest level since March. Euro area confidence remained unchanged from June while the U.S dropped marginally.

Global stock market down 0.3% on the week – The MSCI AC World TR Index showed a -0.27% return from 3rd August to 10th August, as the major fall in the Turkish lira and an escalation in China / U.S trade tensions unsettled markets. The Vix (or Volatility Index) closed the week at 13.16, up from 11.64 on 3rd August.

Eurozone headline inflation hits 2.1% y-o-y in July – The latest inflation report from Eurostat shows headline inflation unexpectedly rising to 2.1% in the year to July (2% in June) aided by higher energy prices. This compares to market expectations of 2%. The European Central Bank targeted rate is just below 2%.

Japan's economy bounces back in Q2 – The Cabinet Office reported that GDP grew at a 1.9% annualised rate in the second quarter, compared to a fall of 0.9% in Q1 and well beating the 1.4% level expected in a Reuters poll of economists. Private consumption grew at an annualised rate of 2.8% in the second quarter.

Turkish lira falls to all-time low versus the U.S. dollar – The major fall in the Turkish lira currency of over 75% against the dollar since the start of the year was exasperated after U.S. president Donald Trump said he would double steel and aluminum tariffs on Turkish imports following the detention of an American pastor.

The Story of the week: Grant Peters, 26, from Toronto, found a partially-buried bottle in a sand dune on Floreana Island in the Galapagos. In it was a letter dated Aug 1, 1924. It read: “Hugh Craggs, Yacht St George RTYC, Will any finder please enclose message bearing date, name of finder and send a postcard to Hugh Craggs 50 Ruskin Ave Manor Park London E12.” Peters after finding the letter researched the life of Craggs, who it turns out had lived a very adventurous life including treasure hunting and various challenging journeys around the world before dying in 1991.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 10/08)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	4.0
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-4.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	2.7
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	0.1
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	7.2
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	13.6
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-2.0
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-3.7
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	-0.6
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.3
UK	3.0	1.9	1.9	1.2	1.2	1.2
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.8
Italy	4.1	2.1	1.6	1.8	2.0	3.0
Greece	8.2	9.6	7.9	7.1	4.1	4.2
Portugal	6.1	2.7	2.5	3.8	1.9	1.8
Spain	4.1	1.6	1.7	1.4	1.6	1.4
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.14
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.28
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	4.6% (To end of Q2)
U.K.	10.7	17.8	13.1	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.4	11.2	12.1	7.8	7.1%	2.2% (To end of Q1)

*Past performance is not a reliable guide to future performance and may fall as well as rise.